

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF ADJUSTMENT OF RATES OF) HARDIN COUNTY WATER DISTRICT NO. 1)	CASE NO. 90-019
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O R D E R

IT IS ORDERED that Hardin County Water District No. 1 ("Hardin County") shall file the original and 12 copies of the following information with the Commission, with a copy to all parties of record, by March 28, 1990. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been provided along with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. If the information cannot be provided by this date, Hardin County should submit a motion for an extension of time stating the reason an extension is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission.

1. a. Provide a list of all outstanding issues of long-term debt as of the end of the latest calendar year. Include amortization schedules and the actual dollar amount of debt cost for the test year.

b. Provide an analysis of any short-term debt as of the end of the test period.

2. a. Provide a schedule of the present and proposed rates, charges, terms and conditions, and service rates and regulations which Hardin County seeks to change, shown in comparative form.

b. Provide a detailed analysis of customers' bills, adjusted to actual usage and in such detail that the revenues from the present and proposed rates can be readily determined.

c. Provide a schedule of test-year revenues for each rate schedule per book rates, present rates annualized, and proposed rates annualized.

d. Provide a schedule setting forth the effect upon average consumer bills.

e. Provide a statement setting forth estimates of the effect that the new rate or rates will have upon the revenues of the utility, the total amount of money resulting from the increase or decrease and the percentage increase or decrease.

f. Provide a schedule showing by customer class (i.e., residential, commercial, industrial, etc.) the amount and percent of any proposed increase or decrease in revenue distributed to each class. This schedule is to be accompanied by a statement

which explains in detail the methodology or basis used to allocate the requested increase or decrease in revenue to each of the respective customer classes.

g. Provide a schedule showing how the increase or decrease in (f) above was further distributed to each rate charge (i.e., customer or usage charge per 1000 gallons, etc.). This schedule is to be accompanied by a statement which explains, in detail, the methodology or basis used to allocate the increase or decrease.

h. Provide a statement showing by cross-outs and italicized inserts all proposed changes in rates, charges, terms and conditions, and service rules and regulations for each rate or charge. A copy of current tariff may be used.

3. a. Provide monthly water sales and production for the 12 months of the test period, the 12 months preceding the test period, and any available months subsequent to the test period, as shown in Format 1a.

b. Provide the number of customers and revenue from water sales by month for the same period as 1a, as shown in Format 1b.

4. In comparative form, provide an income statement and a balance sheet for the test year and the 12-month period immediately preceding the test year.

5. Provide a trial balance as of the last day of the test year (all income statement accounts should show activity for 12 months) showing account number, account title, and amount. Show

the balance in each control and all underlying subaccounts per Hardin County's books.

6. Provide the following monthly account balances for the test year:

- a. Plant in service (Account 101).
- b. Plant purchased or sold (Account 104).
- c. Property held for future use (Account 103).
- d. Construction work in progress (Account 105).
(Separate this balance into CWIP eligible for capitalized interest and other CWIP.)
- e. Completed construction not classified (Account 106).
- f. Accumulated depreciation (Account 108).
- g. Plant acquisition adjustment (Account 114).
- h. Accumulated amortization of utility plant acquisition adjustment (Account 115).
- i. Materials and supplies (include all accounts and subaccounts).
- j. Balance in accounts payable applicable to each account in (i) above. (If actual is indeterminable, give reasonable estimate.)
- k. A summary of customer deposits as shown in Format 2 to this request.
- l. Computation and development of minimum cash requirements.
- m. Balance in accounts payable applicable to amounts included in utility plant in service. (If actual is indeterminable, give reasonable estimate.)
- n. Balance in accounts payable applicable to prepayments by major category or subaccount.
- o. Balance in accounts payable applicable to amounts included in plant under construction. (If actual is indeterminable, give reasonable estimate.)

7. Provide the cash account balances at the beginning of the test year and at the end of each month during the test year.

8. Provide the following information for each item of water property held for future use at the end of the test year:

- a. Description of property.
- b. Location.
- c. Date purchased.
- d. Cost.
- e. Estimated date to be placed in service.
- f. Brief description of intended use.
- g. Current status of each project.

9. Provide schedules in comparative form showing by month for the test year and the preceding year the balance of each water plant and reserve account or subaccount included in Hardin County's chart of accounts as shown in Format 3.

10. Provide the detailed workpapers showing calculations supporting all accounting, pro forma, end-of-period, and proposed rate adjustments in the rate application to revenue, expense, investment and reserve accounts for the test year, and a complete detailed narrative explanation of each adjustment, including the reason why each adjustment is required. Explain in detail all components used in each calculation, including the methodology employed and all assumptions applied in the derivation of each adjustment. Index each calculation to the accounting, pro forma, end-of-period, and proposed rate adjustment which it supports.

11. Provide a schedule showing a comparison of the balance in the revenue accounts for each month of the test year to the same month of the preceding year for each revenue account or subaccount included in Hardin County's chart of accounts. Include appropriate footnotes to show the month each rate increase was granted and the month the full increase was recorded in the accounts. See Format 3.

12. a. Provide a schedule showing a comparison of the balance of the operating expense accounts for each month of the test year to the same month of the preceding year for each account or subaccount included in Hardin County's chart of accounts. See Format 3.

b. Provide a schedule in comparative form showing the operating expense account balance for the test year and each of the 5 years preceding the test year for each account or subaccount included in Hardin County's annual report. Show the percentage of increase of each year over the prior year.

c. Provide a schedule of salaries and wages for the test year and each of the 5 calendar years preceding the test year as shown in Format 4 to this request. Show for each time period the amount of overtime pay.

d. Provide a schedule showing the percentage of increase in salaries and wages for employees for the test year and the 5 preceding years.

13. a. Provide a schedule of franchise fees paid to cities, towns, or municipalities during the test year, including the basis of these fees.

b. Provide an analysis of test-year other operating taxes in the format as shown in attached Format 5.

14. Provide a statement of water plant in service for the test year. This data should be presented as shown in Format 6 to this request.

15. Provide the following information:

a. A detailed analysis of all charges booked during the test period for advertising expenditures. This analysis should include a complete breakdown of Account 660 - Advertising Expenses as shown in Format 7 attached and further should show any other advertising expenditures included in any other expense accounts. The analysis should be specific as to the purpose of the expenditure and the expected benefit to be derived.

b. An analysis of Account 675 - Miscellaneous General Expenses for the test period. This analysis should show a complete breakdown of this account as shown in attached Format 8 and further provide all detailed working papers supporting this analysis. At a minimum, the workpapers should show the date, vendor, reference (i.e., voucher no., etc.), dollar amount, and brief description of each expenditure. Detailed analysis is not required for amounts of less than \$500 provided the items are grouped by classes as shown in Format 8 attached.

c. An analysis of Account 426 - Miscellaneous Income Deductions for the test period. This analysis should show a complete breakdown of this account as shown in attached Format 9 and further provide all detailed working papers supporting this analysis. At a minimum, the workpapers should show the date, vendor, reference (i.e., voucher no., etc.), dollar amount, and brief description of each expenditure. Detailed analysis is not required for amounts of less than \$500 provided the items are grouped by classes as shown in Format 9 attached.

16. Provide a detailed analysis of expenses incurred during the test year for professional services, as shown in Format 10, and all working papers supporting the analysis. At a minimum, the working papers should show the payee, dollar amount, reference (i.e., voucher no., etc.), account charged, hourly rates and time charged to the company according to each invoice, and a description of the service provided.

17. Provide a detailed analysis of contributions for charitable and political purposes (in cash or services), if any, recorded in accounts other than Account 426. This analysis should indicate the amount of the expenditure, the recipient of the contribution, and the specific account charge.

18. Provide the following information with regard to uncollectible accounts for the test year and 5 preceding calendar years:

- a. Reserve account balance at the beginning of the year.
 - b. Charges to reserve account (accounts charged off).
 - c. Credits to reserve account.
 - d. Current year provision.
 - e. Reserve account balance at the end of the year.
 - f. Percent of provision to total revenue.
19. Provide a detailed analysis of the retained earnings account for the test period and the 12-month period immediately preceding the test period.
20. a. Provide a listing of non-utility property and property taxes and accounts where amounts are recorded.
- b. Provide a schedule for all non-utility property giving a description, the date purchased, and the cost.
21. Provide the employee data in Format 11 attached.
22. Provide a calculation of the rate or rates used to capitalize interest during construction for the test year and the 3 preceding calendar years. Provide a narrative explanation of each component entering into the calculation of this rate.
23. Provide any information, as soon as it is known, which would have a material effect on net operating income which occurred after the test year.
24. Provide a detailed monthly income statement for each month after the test period, including the month in which the hearing ends, as they become available.

25. Provide a listing of present or proposed research efforts dealing with the pricing of water and the current status of such efforts.

26. Provide an analysis of the expenses for research and development activities for the test year and the 5 preceding calendar years. For the test year include the following details:

a. Basis of fees paid to research organizations.

b. Details of the research activities conducted by each organization.

c. Details of services and other benefits provided by each organization during the test year.

d. Details of the expected benefits to the company.

27. Provide the average number of customers for each customer class (i.e., residential, commercial, and industrial) for the test period and for each month of the test period.

28. Provide the names and mailing addresses of each of Hardin County's commissioners.

29. Provide any current labor contracts and the most recent contracts previously in effect.

30. Provide a detailed analysis of other operating revenues for the test period. This analysis should show a complete breakdown of this account and further provide all detailed working papers supporting this analysis.

31. a. Provide a copy of Hardin County's financial audit reports for 1988 and 1989.

b. Provide copies of audit adjustments for 1989 including working papers supporting the adjustments.

Done at Frankfort, Kentucky, this 13th day of March, 1990.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director

[illegible]

Line No.	1st Month	2nd Month	3rd Month	4th Month	5th Month	6th Month	7th Month	8th Month	9th Month	10th Month	11th Month	12th Month
1.	Number of Customers											
2.	Residential											
3.	Commercial											
4.	Industrial											
5.	Fire Service											
6.	Other											
7.	Total Number of Customers											
8.	Water Revenue											
9.	Residential											
10.	Commercial											
11.	Industrial											
12.	Fire Service											
13.	Other											
14.	Total Water Revenue											

HARDIN COUNTY WATER DISTRICT NO. 1

Case No. 90-019

SUMMARY OF CUSTOMER DEPOSITS

For the Test Year Ended December 31, 1989

<u>Line</u> <u>No.</u>	<u>Month</u> (a)	<u>Receipts</u> (b)	<u>Refunds</u> (c)	<u>Balance</u> (d)
1.	Balance beginning of test year			
2.	1st Month			
3.	2nd Month			
4.	3rd Month			
5.	4th Month			
6.	5th Month			
7.	6th Month			
8.	7th Month			
9.	8th Month			
10.	9th Month			
11.	10th Month			
12.	11th Month			
13.	12th Month			
14.	Total (L1 through L13)			
15.	Average Balance (L14 - 13)			
16.	Amount of deposits received during test period			
17.	Amount of deposits refunded during test period			
18.	Number of deposits on hand end of test year			
19.	Average amount of deposit (L15, Column (d) - L18)			
20.	Interest paid during test period			

HARDIN COUNTY WATER DISTRICT NO. 1

Case No. 90-019

COMPARISON OF TEST YEAR ACCOUNT BALANCES WITH THOSE OF THE
PRECEDING YEAR

Account Title and Account Number	1st Month	2nd Month	3rd Month	4th Month	5th Month	6th Month	7th Month	8th Month	9th Month	10th Month	11th Month	12th Month	Total
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Test Year
Prior Year
Increase
(Decrease)

1. Wages charged to expense:
2. Source of Supply
 - (a) operation
 - (b) maintenance
3. Pumping
 - (a) operation
 - (b) maintenance
4. Transmission and Distribution
 - (a) operation
 - (b) maintenance
5. Customer accounts expense
6. Sales expenses
7. Administrative and general expenses:
 - (a) Administrative and general salaries
 - (b) Office supplies and expense
 - (c) Administrative expense transferred-cr.
 - (d) Outside services employed
 - (e) Property insurance
 - (f) Injuries and damages

Line No.	Item (a)	12 Months Ended										Test Year	
		Calendar years Prior to Test Year											
		5th		4th		3rd		2nd		1st			
		Amount (b)	\$ (c)	Amount (d)	\$ (e)	Amount (f)	\$ (g)	Amount (h)	\$ (i)	Amount (j)	\$ (k)	Amount (l)	\$ (m)
7.	Administrative and general expenses (continued):												
	(g) Employees pensions and benefits												
	(h) Franchise requirements												
	(i) Regulatory commission expenses												
	(j) Duplicate charges-cr.												
	(k) Miscellaneous general expense												
	(l) Rents												
	(m) Maintenance of general plant												
8.	Total administrative and general expenses L7(a) through L7(m)												
9.	Total salaries and wages charged expense (L2 through L6 + L8)												
10.	Wages capitalized												
11.	Total Salaries and wages												
12.	Ratio of salaries and wages charged expense to total wages (L9 : L11)												
13.	Ratio of salaries and wages capitalized to total wages (L12 - L13)												

Note: Show percentage increase of each year over the prior year in Columns (c), (e), (g), (i), (k), and (m).

HARDIN COUNTY WATER DISTRICT NO. 1

Case No. 90-019

ANALYSIS OF OTHER OPERATING TAXES
For the Test Year Ended December 31, 1989

<u>Line</u> <u>No.</u>	<u>Item</u>	<u>Charged Expense</u> (a)	<u>Charged to</u> <u>Construction</u> (b)	<u>Charged to</u> <u>Other Accounts</u> (c)	<u>Amount Accrued</u> (d)	<u>Amount</u> <u>Paid</u> (e)
1.	Kentucky Retail:					
	(a) Gross Receipts*					
	(b) Ad Valorem (Property)					
	(c) Payroll (Employer's Portion)					
	(d) Other Taxes					
2.	Total Kentucky Retail [L1(a) through L1(d)]					
3.	Other Jurisdictions					
	Total Per Books (L2 + L3)					

Instructions:

*Actual payments for test year should be shown under the amount paid column.

1. Explain items in column (c).

HARDIN COUNTY WATER DISTRICT NO. 1

Case No. 90-019

STATEMENT OF WATER PLANT IN SERVICE

For the Test Year Ended December 31, 1989

<u>Account Number</u>	<u>Title of Account</u> (a) <u>Intangible Plant</u>	<u>Beginning Balance</u> (b)	<u>Additions</u> (c)	<u>Retirements</u> (d)	<u>Transfers</u> (e)	<u>Ending Balance</u> (f)
301.	Organization					
302.	Franchises and Consents					
303.	Miscellaneous Intangible Plant					
	<u>Sources of Supply Plant</u>					
310.	Land and Land Rights					
311.	Structures and Improvements					
312.	Collecting and Impounding Reservoirs					
313.	Lake, River and Other Intakes					
314.	Wells and Springs					
315.	Infiltration Galleries and Tunnels					
316.	Supply Mains					
317.	Other Water Source Plant					
	<u>Pumping Plant</u>					
320.	Land and Land Rights					
321.	Structures and Improvements					
322.	Boiler Plant Equipment					
323.	Other Power Production Equipment					

<u>Account Number</u>	<u>Title of Account</u> (a)	<u>Beginning Balance</u> (b)	<u>Additions</u> (c)	<u>Retirements</u> (d)	<u>Transfers</u> (e)	<u>Ending Balance</u> (f)
324.	Steam Pumping Equipment					
325.	Electric Pumping Equipment					
326.	Diesel Pumping Equipment					
327.	Hydraulic Pumping					
328.	Other Pumping Equipment					
	<u>Water Treatment Plant</u>					
330.	Land and Land Rights					
331.	Structures and Improvements					
332.	Water Treatment Equipment					
	<u>Transmission and Distribution Plant</u>					
340.	Land and Land Rights					
341.	Structures and Improvements					
342.	Distribution Reservoirs and Standpipes					
343.	Transmission and Distribution Mains					
344.	Fire Mains					
345.	Services					
346.	Meters					
347.	Meter Installations					
348.	Hydrants					
349.	Other Transmission and Distribution Plant					
	<u>General Plant</u>					
389.	Land and Land Rights					
390.	Structures and Improvements					
391.	Office Furniture and Equipment					
392.	Transportation Equipment					
393.	Stores Equipment					
394.	Tools, Shop and Garage Equipment					
395.	Laboratory Equipment					
396.	Power Operated Equipment					
397.	Communication Equipment					
398.	Miscellaneous Equipment					
399.	Other Tangible Property					

HARDIN COUNTY WATER DISTRICT NO. 1

Case No. 90-019

ACCOUNT 660 - ADVERTISING EXPENSE

For the Test Year Ended December 31, 1989

<u>Line No</u>	<u>Item</u> (a)	<u>Sales or Promotional Advertising</u> (b)	<u>Institutional Advertising</u> (c)	<u>Conservation Advertising</u> (d)	<u>Rate Case</u> (e)	<u>Other</u> (f)	<u>Total</u> (g)
1.	Newspaper						
2.	Magazines and Other						
3.	Television						
4.	Radio						
5.	Direct Mail						
6.	Sales Aids						
7.	Total						

HARDIN COUNTY WATER DISTRICT NO. 1

CASE NO. 90-019

ACCOUNT 675 - MISCELLANEOUS GENERAL EXPENSES

For the Test Year Ended December 31, 1989

<u>Line No.</u>	<u>Item (a)</u>	<u>Amount (b)</u>
1.	Industry Association Dues	
2.	Debt Servicing Expenses	
3.	Institutional Advertising	
4.	Conservation Advertising	
5.	Rate Department Load Studies	
6.	Water, and Other Testing and Research	
7.	Commissioners' Fees and Expenses	
8.	Dues and Subscriptions	
9.	Miscellaneous	
10.	Total	

HARDIN COUNTY WATER DISTRICT NO. 1

Case No. 90-019

ACCOUNT 426 - MISCELLANEOUS INCOME DEDUCTIONS

For the Test Year Ended December 31, 1989

<u>Line No.</u>	<u>Item (a)</u>	<u>Amount (b)</u>
1.	Donations	
2.	Civic Activities	
3.	Political Activities	
4.	Other	
5.	Total	

HARDIN COUNTY WATER DISTRICT NO. 1

CASE NO. 90-019

PROFESSIONAL SERVICE EXPENSES

For the Test Year Ended December 31, 1989

<u>Line</u> <u>No.</u>	<u>Item</u>	<u>Rate Case</u>	<u>Annual Audit</u>	<u>Other</u>	<u>Total</u>
1.	Legal				
2.	Engineering				
3.	Accounting				
4.	Other				
5.	Total				

<u>Calendar Years Prior to Test Year</u>	<u>Source of Supply</u>			<u>Water Treatment</u>			<u>Transmission and Distribution</u>			<u>Customer Accounts and Sales</u>		
(A)	No. (B)	Hrs. (C)	Wages (D)	No. (E)	Hrs. (F)	Wages (G)	No. (H)	Hrs. (I)	Wages (J)	No. (K)	Hrs. (L)	Wages (M)
5th Year												
% Change												
4th Year												
% Change												
3rd Year												
% Change												
2nd Year												
% Change												
1st Year												
% change												
Test Year												
% Change												

Calendar Years Prior to Test Year (A)	Administrative and General			Construction						Total
	No.	Hrs.	Wages	No.	Hrs.	Wages	No.	Hrs.	Wages	
	(N)	(O)	(P)	(Q)	(R)	(S)	(T)	(U)	(V)	
5th Year										
% Change										
4th Year										
% Change										
3rd Year										
% Change										
2nd Year										
% Change										
1st Year										
% change										
Test Year										
% Change										

- NOTE: (1) Where an employee's wages are charged to more than one function include employee in function receiving largest portion of total wages.
- (2) Show percent increase (decrease) of each year over the prior year on lines designated above "% Change."
- (3) Employees, weekly hours per employee, and weekly wages per employee for the week including December 31, of each year and the last day of the test year.